

## **STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS**

Product name: SOSiLA Logistics REIT, Inc.

*The following is the adverse sustainability impact statement of SOSiLA Logistics REIT, Inc. (“SLR”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). SLR has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and rely on Sumisho Realty Management Co., Ltd (the “Asset Manager”), to manage and operate the properties in our portfolio. SLR and the Asset Manager are hereinafter referred to collectively as “we”, “us” or “our”.*

*Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.*

### **1. Summary**

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement covers the reference period from January 1, 2023 to December 31, 2023. The statement will be reviewed at least once during every year.

We believe that our sustainability initiatives are essential for our sustainable growth. We improve long-term returns of investors and contribute to the realization of sustainable society and urban development by implementing initiatives that address social issues. Under our sustainability policies and framework, we, in collaboration with the Asset Manager, take actions on climate change, including energy conservation, use of renewable energy, and being resilient in times of disasters.

We use the definition of PAI as described in Recital 20 of SFDR being “those impacts of investment decisions and advice that result in negative effects on sustainability factors”, with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in our portfolio.

### **2. Description of principal adverse sustainability impacts**

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

Table 1

## Principal adverse sustainability impacts statement

SLR does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Indicators applicable to investments in real estate assets							
Adverse sustainability indicator	Metric	Impact in 2023	Impact in 2022	Impact in 2021	Explanation	Actions taken	
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels, except for Hokko, which is a land-only property leased to a tenant that is using it to store oil tanks.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of December 31, 2023, out of seventeen properties, six of our properties had not obtained the CASBEE Certification, or the BELS Certification.	As of December 31, 2022, out of sixteen properties, five of our properties had not obtained the CASBEE Certification, or the BELS Certification.	As of December 31, 2021, out of ten properties, four of our properties had not obtained the CASBEE Certification, or the BELS Certification.	To track the environmental performance of our properties, we use certifications issued by third-party organizations such as the Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) certification, Development Bank of Japan’s Green Building Certification (“DBJ Certification”), Leadership in Energy and Environmental Design (“LEED”) certification, and Building Energy-efficiency	Assets that receive outside certifications under our green finance framework are defined as “Qualified Green Assets”. We adopt environmental measures such as LED installation and solar panel installation, and aim to acquire more certifications accordingly

						Labeling System (“BELS”) certification (“BELS Certification”).	
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Table 2

Additional climate and other environment-related indicators

*SLR does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-17 as contained in Table 2 of Annex 1 of the Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.*

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
<b>Indicators applicable to investments in real estate assets</b>		
Climate change	<p>18. GHG emissions</p> <p>Scope 1 GHG emissions generated by real estate assets were 0 t-CO<sub>2</sub> from CY 2021 to CY 2023.</p> <p>Scope 2 GHG emissions generated by real estate assets were 1,119 t-CO<sub>2</sub> (in CY 2021), 1,303t CO<sub>2</sub> (in CY 2022) and 1,347t CO<sub>2</sub> (in CY 2023).</p> <p>Scope 3 GHG emissions generated by real estate assets were 7,597t CO<sub>2</sub> (in CY 2021), 8,917t CO<sub>2</sub> (in CY 2022) and 9,412t CO<sub>2</sub> (in CY 2023)</p> <p>Total GHG emissions generated by real estate assets were 8,716t-CO<sub>2</sub> (in CY 2021), 10,220t CO<sub>2</sub> (in CY 2022) and 10,759t CO<sub>2</sub> (in CY 2023).</p> <p>We have increased use of renewable energy through installation of solar panels. As of December 31, 2023, three of our properties were equipped with solar panels.</p>	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

*SLR has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Manager to manage and operate the properties in its portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Manager and the tenants of the properties in SLR's portfolio, to the extent available.*

<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>		
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
<b>Indicators applicable to investments to the Asset Manager or tenants</b>		

Social and employee matters	1. Investments in companies without workplace accident prevention policies  Sumitomo Corporation Group, to which the Asset Manager belongs, believes that sound physical and mental health of all people, including not only its employees, but also individuals associated with its shareholders, clients and local communities, are essential for the well-being of society. As part of the Sumitomo Corporation Group, the Asset Manager shares the same belief and places importance on the workplace accident prevention policies.	Share of investments in investee companies without a workplace accident prevention policy  All tenants in our properties have workplace accident prevention policies.
	5. Lack of grievance/complaints handling mechanism related to employee matters  The Asset Manager offers counseling that enables employees to seek counseling both in and outside the company. Such counseling is aimed at taking care of employees' mental health and workplace relationships.	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection  The Asset Manager has established a system that enables officers and employees who become aware of issues to directly contact the Asset Manager's Compliance & Risk Management Committee, outside legal counsel, or Sumitomo Corporation's Compliance Committee. These reports are processed under the direction and supervision of the Asset Manager's Compliance & Risk Management Committee.	Share of investments in entities without policies on the protection of whistleblowers  All of the Asset Manager's employees have whistleblower protection.

For descriptions of actions which SLR takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to SLR: <https://sosila-reit.co.jp/en/feature/esg.html>

### 3. Description of policies to identify and prioritize principal adverse sustainability impacts

Subject to data availability, we monitor the selected PAI indicators for the existing properties in our portfolio.

Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision.

The Asset Manager tracks and monitors on an ongoing basis consumption of energy and greenhouse gas emission. The Asset Manager's ESG Promotion Committee uses the data to assess progress made on against targets, discuss with President, persons responsible for fund operations and the ESG Promotion Team of the Asset Manager, and deliberate on necessary action plans every year.

For further information, please refer to our ESG website: <https://sosila-reit.co.jp/en/esg/index.html>

#### **4. Engagement policies**

##### ***Due diligence and screening***

The Asset Manager considers principal adverse impacts of its investment decisions on sustainability factors, including those listed above. We and the Asset Manager believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we and the Asset Manager consider the principal adverse impacts of our investment decisions on sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of our portfolio properties.

At the properties we operate, we set numerical targets and monitor the amount of energy used as well as the amount of greenhouse gas emissions within the property in order to reduce our environmental burden.

##### ***Engagement***

We have entered into “green leases” with three tenants, which require tenants to cooperate with us on taking environmentally-friendly actions. 74.5% of our portfolio properties (by leasable area) were subject to green leases as of December 31, 2023. In addition, we regularly exchange information on energy saving measures and environmental issues with property managers.

#### **5. References to international standards**

In March 2009, Sumitomo Corporation Group signed the UN Global Compact, which was proposed by the former UN Secretary General Kofi Annan at the World Economic Forum (in Davos) in 1999 to realize sustainable growth of the global economy. The UN Global Compact has established ten principles recognized by the international community in the areas of human rights, labor standards, environment and anti-corruption. As part of Sumitomo Corporation Group, the Asset Manager recognizes the importance of these principles, and regularly review its business activities against such principles.

#### **6. Historical comparison**

See Table 1 and Table 2, above.